

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY

In the Matter of

Oak Canna, LLC
License No. GR-C-000812

ENF No. 22-00634

_____/ **CONSENT ORDER AND STIPULATION**

CONSENT ORDER

On May 25, 2023, the Cannabis Regulatory Agency (CRA) issued a formal complaint against the medical marijuana class C grower license (no. GR-C-000812) of Oak Canna, LLC (Respondent) under the Medical Marijuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and administrative rules promulgated thereunder. The complaint alleged Respondent violated Mich Admin Code, R 420.209(6)(a)(i), R 420.209(6)(a)(ii), R 420.209(6)(a)(iv), R 420.209(12), and R 420.209(13).

The executive director or designee reviewed the stipulation contained in this document and agrees the public interest is best served by resolution of the complaint. Therefore, the executive director or designee finds that the allegations contained in the complaint are true and that Respondent violated Mich Admin Code, R 420.209(13).

Accordingly, for this violation, IT IS ORDERED:

1. Respondent must pay a fine in the amount of three thousand and 00/100 dollars (\$3,000.00). This fine shall be paid within 30 days of the effective date of this order by check, money order, or online through Accela Citizen Access (ACA). CRA guidance on how to make compliance payments online is available under “Tips for Licensees” at www.michigan.gov/cra/bulletins. Checks or money

orders shall be made payable to the State of Michigan with “ENF No. 22-00634” and “License No. GR-C-000812” clearly displayed on the check or money order and mailed to: Department of Licensing and Regulatory Affairs, Cannabis Regulatory Agency, P.O. Box 30205, Lansing, Michigan 48909.

2. Counts I through IV of the complaint, alleging violations of Mich Admin Code, R 420.209(6)(a)(i), R 420.209(6)(a)(ii), R 420.209(6)(a)(iv), and R 420.209(12) are dismissed.

3. If Respondent fails to timely comply with the terms of this order, Respondent’s license shall be suspended until compliance is demonstrated.

4. Unless otherwise specified in this order, Respondent shall direct any communications to the CRA that are required by the terms of this order to CRA-CSS@michigan.gov.

5. Respondent shall be responsible for all costs and expenses incurred in complying with the terms and conditions of this consent order.

6. If Respondent violates any term or condition set forth in this order, Respondent may be subject to additional fines and/or other sanctions.

This order shall be effective 30 days after the date signed by the CRA’s executive director or designee, as set forth below.

Signed on: 5/3/2024

CANNABIS REGULATORY AGENCY

By: Brian Hanna
Executive Director Brian Hanna
or Designee
Cannabis Regulatory Agency

Digitally signed by: Brian Hanna
DN: CN = Brian Hanna email =
hannaab@michigan.gov C = US O = CRA OU =
CRA
Date: 2024.05.03 12:14:15 -0400

STIPULATION

The parties stipulate to the following:

1. The facts alleged in the formal complaint are true and constitute a violation of the administrative rules promulgated under the MMFLA.
2. Respondent understands and intends that by signing this stipulation, Respondent is waiving the right under the MMFLA, administrative rules promulgated thereunder, and the Administrative Procedures Act of 1969, MCL 24.201 *et seq.*, to require the CRA to prove the charges set forth in the complaint by presentation of evidence and legal authority and to present a defense to the charges.
3. The parties considered the following in reaching this agreement:
 - a. Respondent does not dispute that the six cameras identified in the formal complaint were inoperable on July 12, 2022. However, Respondent presented evidence showing that all rooms containing the inoperable cameras also contained working cameras that could adequately record activities taking place in these rooms.
 - b. After learning of the six inoperable cameras, Respondent immediately informed its video surveillance company and scheduled time to service the cameras. Within approximately two weeks, the CRA confirmed that the six cameras were functioning properly.
 - c. Respondent acknowledges that it is responsible for familiarizing itself with, understanding, and complying with all statutory requirements and rules applicable to its business.
 - d. Respondent was cooperative and wishes to resolve the allegations without the need for and expense of an administrative hearing.
4. The CRA's operations director or designee must approve this proposed agreement before it is forwarded to the CRA's executive director or designee for

review and issuance of the above consent order. The parties reserve the right to proceed to an administrative hearing without prejudice to either party, should the CRA's operations director, executive director, or designees reject the proposed consent order.

By signing this stipulation, the parties confirm that they have read, understand, and agree with the terms of the consent order.

AGREED TO BY:

Desmond
Mitchell

Digitally signed by: Desmond Mitchell
CN = Desmond Mitchell email =
MitchellD@michigan.gov C = US O = Cannabis
Regulatory Agency OU = Directors Office
Date: 2024.05.03 11:40:00 -04'00'

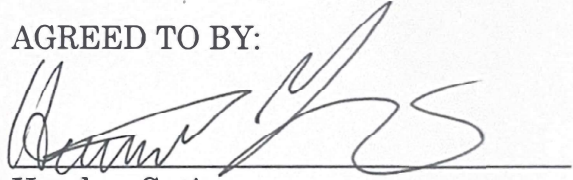
Desmond Mitchell
Operations Director
Cannabis Regulatory Agency

Dated: 5/3/2024

/s/ Adam M. Leyton

Adam M. Leyton (P80646)
Assistant Attorney General
Attorney for Cannabis Regulatory Agency
Dated: 05/03/2024

AGREED TO BY:



Heather Gatie
Authorized Representative
On behalf of Respondent
Oak Canna, LLC

Dated: 4/30/24



Ian Perrotta (P84105)
Attorney for Respondent

Dated: May 2, 2024

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
CANNABIS REGULATORY AGENCY

In the Matter of

Oak Canna LLC
License No.: GR-C-000812

ENF No: 22-00634

FORMAL COMPLAINT

The Cannabis Regulatory Agency (“CRA”) files this formal complaint against Oak Canna LLC (“Respondent”) alleging upon information and belief as follows:

1. The CRA is authorized under the Medical Marihuana Facilities Licensing Act (MMFLA), MCL 333.27101 *et seq.*, and Executive Reorganization Order No.2019-2, MCL 333.27001, to investigate alleged violations of the MMFLA and the administrative rules promulgated thereunder, take disciplinary action to prevent such violations, and impose fines and other sanctions against applicants and licensees that violate the MMFLA or administrative rules.

2. Section 402(12) of the MMFLA provides that the expiration of a license does not terminate the CRA’s authority to impose sanctions on the license.

FACTUAL ALLEGATIONS AND INTENDED ACTION OF THE CRA

3. Respondent holds an active state operating license under the MMFLA to operate a medical marijuana class C grower facility in the state of Michigan.

4. Respondent operated at 14402 Prairie Street, Detroit, Michigan 48238, at all times relevant to this complaint.

5. Following an investigation, the CRA determined that Respondent violated the MMFLA and/or administrative rules promulgated thereunder as set forth below:

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- a. On July 12, 2022, a CRA Regulation Officer (RO) conducted a semi-annual inspection in regard to a complaint.
- b. The CRA RO observed six cameras not working. The location of the six inoperable cameras were as follows: (i) Rear of flower room 1, (ii) Front entrance, (iii) Middle of veg room, (iv) Cage hallway, (v) Back right of storage area, (vi) Back left of dry room 2.
- c. Respondent admitted to the CRA RO that the failure notification for the surveillance system was not triggered. It is uncertain how long the surveillance cameras were inoperable.

Count I

Respondent's actions as described above in paragraphs b and c demonstrate a violation of Mich Admin Code R 420.209(6)(a)(i), which states that a licensee shall ensure the video surveillance system does all the following: (a) Records, at a minimum, the following areas: (i) Any areas where marihuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the marihuana business.

Count II

Respondent's actions as described above in paragraphs b and c demonstrate a violation of Mich Admin Code R 420.209(6)(a)(ii), which states that a licensee shall ensure the video surveillance system does all the following: (a) Records, at a minimum, the following areas: (ii) Limited access areas and security rooms. Transfers between rooms must be recorded.

Count III

Respondent's actions as described above in paragraphs b and c demonstrate a violation of Mich Admin Code R 420.209(6)(a)(iv), which states that a licensee shall ensure the video surveillance system does all the following: (a) Records, at a

minimum, the following areas: (iv) The entrances and exits to the building, which must be recorded from both indoor and outdoor vantage points.

Count IV

Respondent's actions as described above in paragraphs b and c demonstrate a violation of Mich Admin Code R 420.209(12), which states that surveillance recordings of the licensee are subject to inspection by the agency and must be kept in a manner that allows the agency to view and obtain copies of the recordings at the marihuana business immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the agency upon request within the time specified by the agency.

Count V

Respondent's actions as described above in paragraphs b and c demonstrate a violation of Mich Admin Code R 420.209(13), which states that a licensee shall maintain a video surveillance system equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance system storage device.

THEREFORE, based on the above, the CRA gives notice of its intent to impose fines and/or other sanctions against Respondent's license, which may include the suspension, revocation, restriction, and/or refusal to renew Respondent's license.

Under MCL 333.27407(4) and Mich Admin Code, R 420.704(2), any party aggrieved by an action of the CRA suspending, revoking, restricting, or refusing to renew a license, or imposing a fine, shall be given a hearing upon request. A request for a hearing must be submitted to the CRA in writing within 21 days after service of this complaint. Notice served by certified mail is considered complete on the business day following the date of the mailing.

Respondent also has the right to request a compliance conference under Mich Admin Code, R 420.704(1) A compliance conference is an informal meeting at which

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Respondent has the opportunity to discuss the allegations in this complaint and demonstrate compliance under the MMFLA and/or the administrative rules. A compliance conference request must be submitted to the CRA in writing.

Hearing and compliance conference requests must be submitted in writing by one of the following methods:

By Mail: Department of Licensing & Regulatory Affairs
Cannabis Regulatory Agency
P.O. Box 30205
Lansing, Michigan 48909

In Person: Department of Licensing & Regulatory Affairs
Cannabis Regulatory Agency
2407 North Grand River
Lansing, Michigan 48906

By Email: CRA-LegalHearings@michigan.gov

If Respondent fails to timely respond to this formal complaint, a contested case hearing will be scheduled to resolve this matter.

Questions about this complaint should be directed to the Cannabis Regulatory Agency at (517) 284-8599 or CRA-LegalHearings@michigan.gov.

Dated: 5/25/23

By: Alyssa A. Grissom
Digitally signed by Alyssa A. Grissom
Date: 2023.05.25 16:01:58 -04'00'

Alyssa A. Grissom
Legal Section Manager
Cannabis Regulatory Agency